

April 24, 2017

Presentation to the Finance Committee of the Whole

# Capital Financing

# Introductions

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# Presentation Purpose/Desired Outcomes

An understanding of the following:

- The various types of debt issued by municipalities in Ohio and the limitations that exist
- The City's current debt profile
- The City's financing plan for 2017
- The factors analyzed by Moody's Investor Services as part of the rating process and the estimated impact of future financings on the City's rating



# Outstanding Debt Summary (as of April 24, 2017)

Three credits outstanding: unlimited (voted) GO, limited (unvoted GO) and nontax revenue bonds

## Outstanding Bonds by Credit Type

Credit Type	Series Name	Dated Date	Final Maturity	Call Date	Original Par	Outstanding Par	Callable Par
Limited Tax GO	Municipal Pool South (OMB)	4/14/2004	1/1/2025	Non-Callable	\$2,986,000	\$1,402,000	-
	Various Purpose Imp. and Refg Bonds, Series 2009B	11/18/2009	12/1/2021	12/1/2019	\$10,375,000	\$5,025,000	\$1,530,000
	Various Purpose Imp. and Refg Bonds, Series 2012	10/2/2012	6/1/2032	6/1/2022	\$10,820,000	\$7,245,000	\$2,805,000
	Capital Facilities Imp. Bonds, Series 2013	12/19/2013	12/1/2033	12/1/2021	\$9,855,000	\$9,825,000	\$8,480,000
	Capital Facilities Imp. and Refg Bonds, Series 2014	1/7/2014	12/1/2029	12/1/2021	\$23,645,000	\$17,730,000	\$8,440,000
	Various Purpose Bonds, Series 2015	9/30/2015	12/1/2035	12/1/2025	\$49,200,000	\$48,090,000	\$29,805,000
	Capital Facilities Bonds, Series 2016	12/6/2016	12/1/2036	12/1/2025	\$9,325,000	\$9,325,000	\$5,840,000
<b>Limited Tax GO Total</b>					<b>\$116,206,000</b>	<b>\$98,642,000</b>	<b>\$56,900,000</b>
Unlimited Tax GO	Various Purpose Refg Bonds, Series 2009A	11/18/2009	12/1/2020	12/1/2019	\$15,105,000	\$4,550,000	\$200,000
<b>Unlimited Tax GO Total</b>					<b>\$15,105,000</b>	<b>\$4,550,000</b>	<b>\$200,000</b>
Nontax Revenue	Special Ob. Nontax Revenue Bonds, Series 2015A	10/28/2015	12/1/2044	12/1/2025	\$16,000,000	\$16,000,000	\$16,000,000
	Special Ob. Nontax Revenue Bonds, Series 2015B	10/28/2015	12/1/2035	12/1/2025	\$16,000,000	\$16,000,000	\$10,145,000
<b>Nontax Revenue Total</b>					<b>\$32,000,000</b>	<b>\$32,000,000</b>	<b>\$26,145,000</b>
<b>Grand Total</b>					<b>\$163,311,000</b>	<b>\$135,192,000</b>	<b>\$83,245,000</b>



# Outstanding Debt Summary (as of April 24, 2017)

Three other forms of (non-traditional) debt outstanding:

Outstanding Bonds by Credit Type							
Credit Type	Series Name	Dated Date	Final Maturity	Call Date	Original Par	Outstanding Par	Callable Par
Other Debt	Upper Scioto West Branch Interceptor (OWDA)	1/1/1999	7/1/2018		\$19,716,717	\$1,942,036	-
	270/33 Interchange (SIB Loan)	2/10/2015	2/1/2035		\$35,000,000	\$14,895,959	**
	Dublin Road/Glick Road Improvements (OPWC)	7/1/2014	7/1/2020		\$250,000	\$225,000	-
Other Debt Total					\$54,966,717	\$17,062,995	\$0
Grand Total					\$54,966,717	\$17,062,995	\$0

\*\*Outstanding Par is based on amount of a portion of the loan that was drawn upon as of December 31, 2016.



# General Obligation Debt Capacity Limitations – Statutory Limits

## Statutory Debt Limit

- Applies to GO debt solely supported by ad valorem property taxes
- 10.5% of assessed value for total (unvoted + voted) GO Debt
- 5.5% of assessed value for unvoted GO Debt
- All unvoted GO debt that pledges income tax revenue is considered exempt;
- Issuing exempt GO debt is common practice among Ohio issuers

### Calculation of Debt Limits as of 12/31/16

<b>Assessed Value</b>	<b>\$2,039,280,850</b>
10.5% AV Value for Total GO Debt	214,124,489
(less) Non-Exempt Debt	<3,292,000>
<b>Debt Capacity within 10.5% Limitation</b>	<b>\$210,832,489</b>
5.5% AV Value for Unvoted GO Debt	\$112,160,447
(less) Non-Exempt Unvoted Debt	-
<b>Debt Capacity within 5.5% Limitation</b>	<b>\$112,160,447</b>

**The State's statutory limits likely pose no issue for the City now or for the foreseeable future as it relates to borrowing capacity**



# General Obligation Debt Capacity Limitations – Constitutional Limits

## Constitutional Debt Limit (General Obligation)

- 10 mill overlapping debt limitation
- Only some entities may levy ad valorem property taxes within the ten-mill limitation
- The City's highest overlapping subdivision is within Union County and is estimated to currently have utilized 7.1145 mills (for the year of its highest potential debt due)
- 2.885 mills remain available within the ten-mill limitation to the City and overlapping subdivisions in connection with the issuance of additional unvoted general obligation debt. (2.885 mills = \$73.3 million in par value – based on 5% over 20 years)

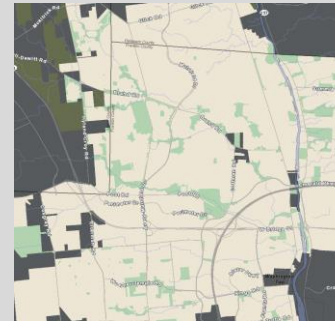
## How is one mill calculated?

One mill = 1/10 of a percent of assessed valuation (0.10%)

The maximum combined unvoted ad valorem property tax an overlapping subdivision may impose on a taxpayer is one percent of assessed valuation

$$0.10\% \times 10 \text{ mills} = 1\%$$

Dublin is located within three counties with overlapping subdivisions which includes:



Counties  
School Districts  
Regional Transit Authorities  
Townships  
Park/Preservation Districts  
Library Districts  
Mental Health Districts  
Airports  
SWACO

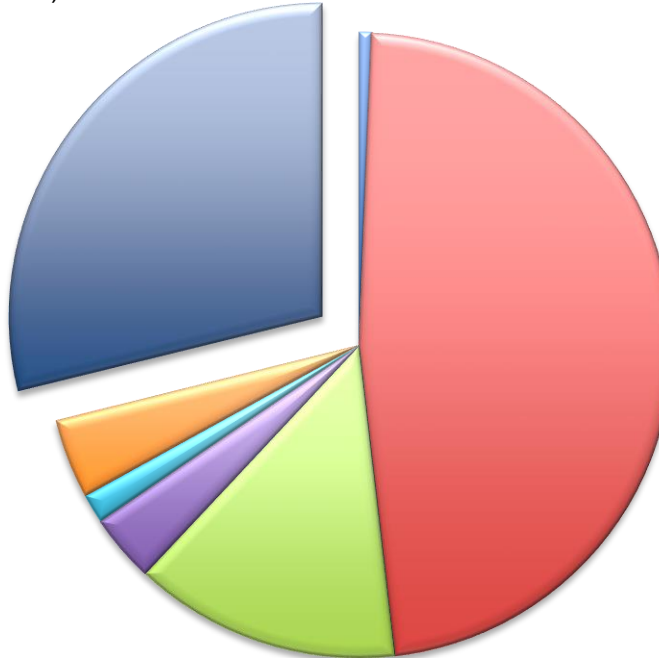


# General Obligation Debt Capacity Limitations – Constitutional Limits

## Constitutional Debt Limit

Required Tax Rates (within the 10 mills)

- City of Dublin - Special Assessment Bonds 0.0632 mills
- City of Dublin - All Other Bonds 4.7530 mills
- Union County 1.3813 mills
- Dublin School District 0.3521 mills
- Tolles Career & Technical Center 0.1528 mills
- SWACO 0.4122 mills
- **Remaining Millage Available 2.8855 mills**



## Summary of Available Millage - Other Issuers

- Mentor – 7.55451 mills
- Worthington – 6.43125 mills
- Beavercreek – 5.90537 mills
- Blue Ash – 5.3095 mills
- Mason – 4.25025 mills
- Hudson – 4.10813 mills
- New Albany – 3.23217 mills
- Dublin – 2.8855 mills**
- Westerville – 2.32389 mills
- Hilliard – 1.78145 mills
- Grove City – 1.68667 mills
- Upper Arlington – 0.91350 mills
- Columbus – 0.30405 mills



# Debt Capacity Limitations – Dublin Debt Policy

Year	Income Tax Funding <sup>1</sup>	Debt Service Allocation <sup>2</sup>	90% of Debt Service Allocation	Existing Debt Service <sup>3</sup>	Debt Allocation not Committed	Additional Debt that Could be Supported <sup>4</sup>
2017	\$21,183,525	\$12,710,115	\$11,439,103	\$4,125,520	\$7,313,589 →	\$91,419,862
2018	21,501,250	12,900,750	11,610,675	2,836,926	8,773,749	109,671,863
2019	21,823,750	13,094,250	11,784,825	2,651,818	9,133,007 →	114,162,588
2020	22,483,250	13,489,950	12,140,955	2,270,687	9,870,268	123,378,350
2021	22,820,500	13,692,300	12,323,070	2,969,089	9,353,981 →	116,924,762
					<b>5-Year Average</b>	<b>\$111,111,485</b>

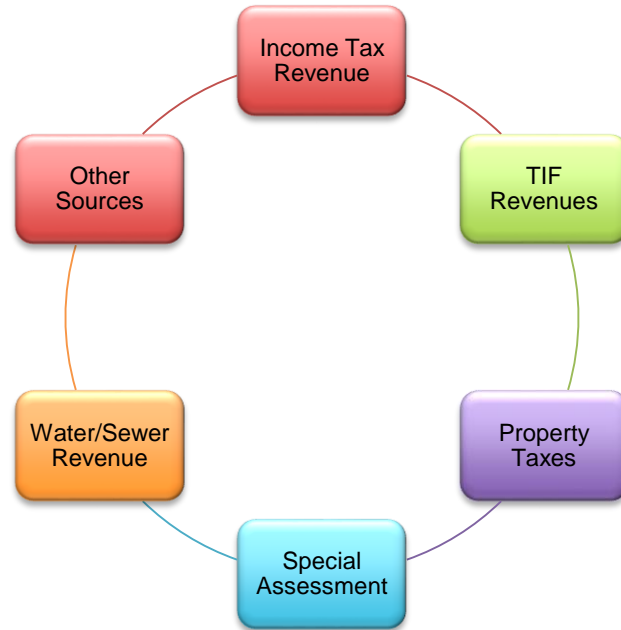
<sup>1</sup> 25% of income tax revenue dedicated to the Capital Improvement Tax Fund

<sup>2</sup> 60% of the income tax revenue in the Capital Improvement Tax Fund reserved to pay debt service on capital projects

<sup>3</sup> Actual debt service payments for existing debt funded by Income Tax

<sup>4</sup> Based on 20-year level debt service at 5% interest rate

# Source of Payment for Debt Service



# Future Financing Plan

2017 – 2021 Capital Improvements Program (Ordinance No. 26-16 Approved September 12, 2016)

	<b>Repayment Source</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
City Facilities	Income Tax	\$4,445,000	\$0	\$0	\$0	\$0
Transportation	Income Tax & TIF	\$39,850,000	\$3,930,000	\$6,530,000	\$9,500,000	\$13,660,000
Parks & Recreation	Income Tax & TIF	\$9,400,000	\$1,000,000	\$7,000,000	\$6,900,000	\$0
Sewer Improvements/Extensions	Sewer Revenue	\$1,140,000	\$3,610,000	\$2,065,000	\$7,000,000	\$3,205,000
<b>Total</b>		<b>\$54,835,000</b>	<b>\$8,540,000</b>	<b>\$15,595,000</b>	<b>\$23,400,000</b>	<b>\$16,865,000</b>
<b>Five-Year Total</b>						<b>\$119,235,000</b>



# 2017 Plan of Finance

Original Plan \$54.8 million  
Revised \$35.4 million

## City Facilities - \$6,750,000

- Service Center Expansion - \$3,300,000
  - Resolution No. 29-16 approved May 23, 2016
  - Originally planned to be financed in 2016; expenditures have been covered through Advance from the General Fund
- 5800 Building Renovations - \$3,450,000
  - Bid Summer 2017

## Transportation - \$27,200,000

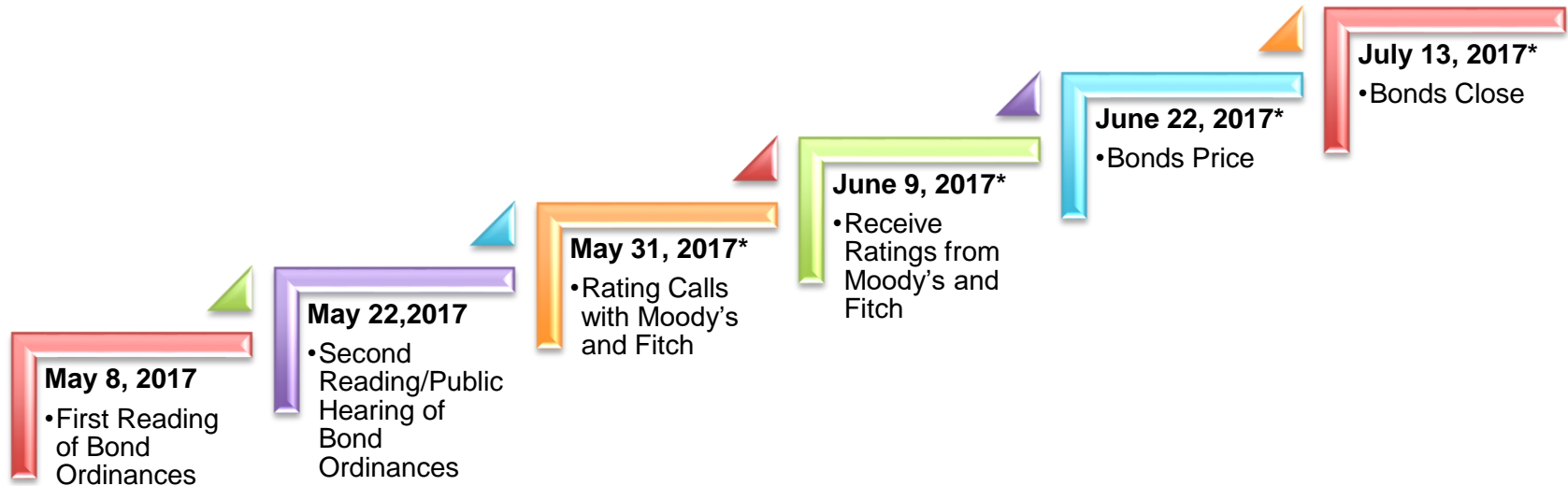
- Scioto River Pedestrian Bridge/Park - \$22,300,000
  - Resolution No. 06-17 approved January 23, 2017 (GMP with Kokosing for bridge west abutment) – \$152,343
  - Resolution No. 22-17 approved April 10, 2017 (GMP with Kokosing for bridge construction) - \$22,165,570
- N. High Street - \$4,900,000
  - Resolution No. 01-17 approved January 10, 2017

## Sanitary Sewer Improvements - \$1,475,000

- Deer Run Sanitary Sewer - \$550,000
  - Resolution 55-16 approved November 7, 2016
- Deer Run Sewer Upsizing - \$95,000
- Manhole Rehab – \$275,000
- Sewer Extensions to Area 11A, 11B, and 13 - \$555,000
  - Bid in Fall 2017



# 2017 Plan of Finance Timeline

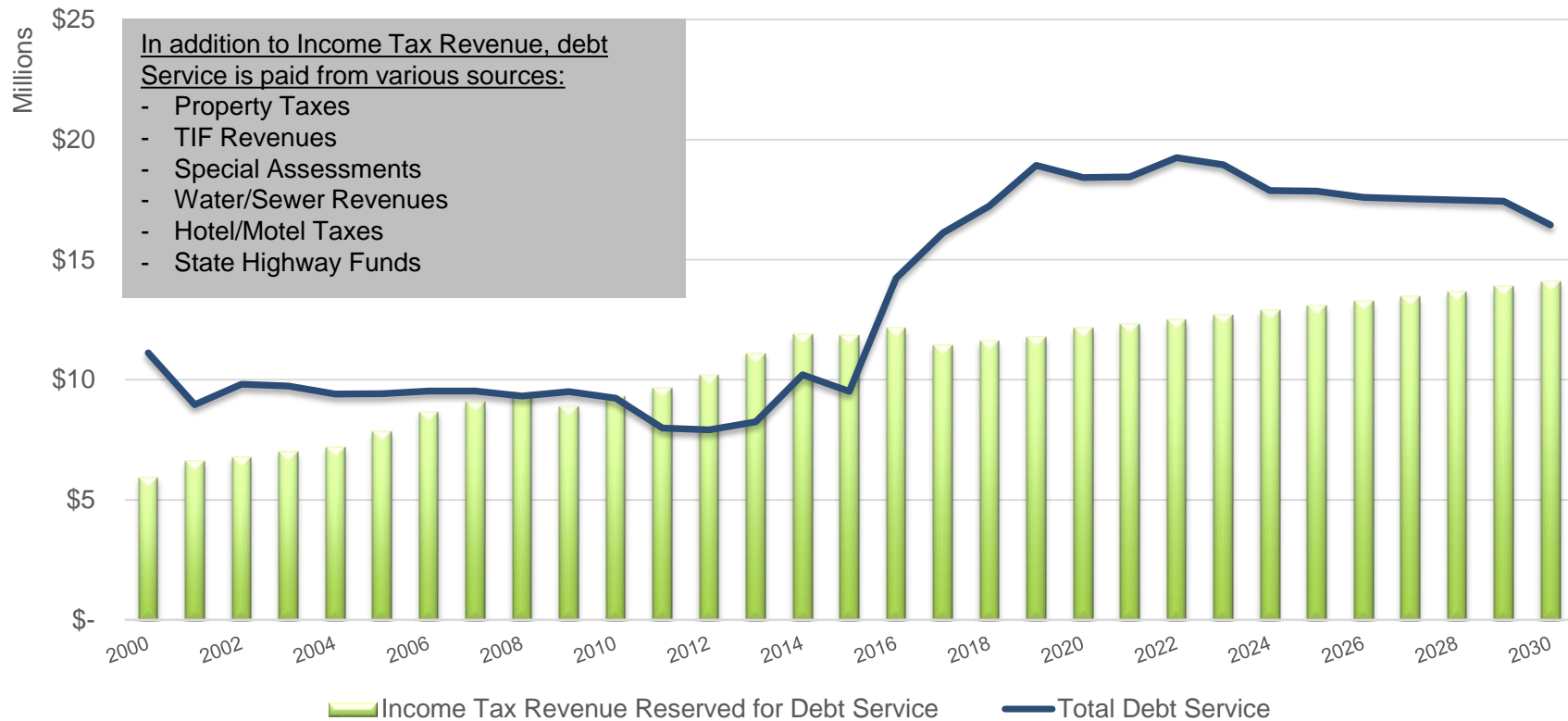


\*Dates are approximate



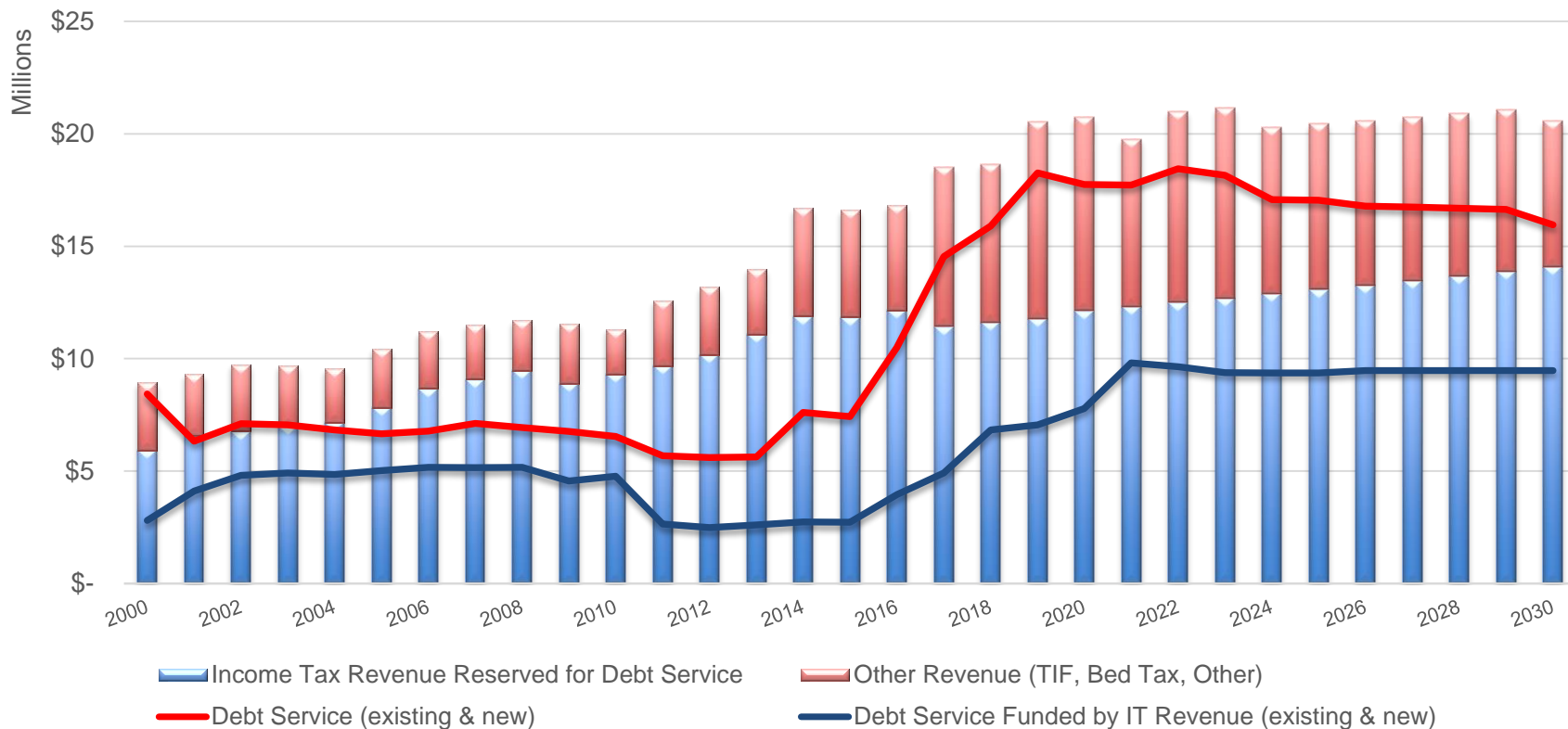
# Debt Service Analysis – Total Debt Service vs. Income Tax Revenue (reserved for debt)

Based on 2017-2021 CIP



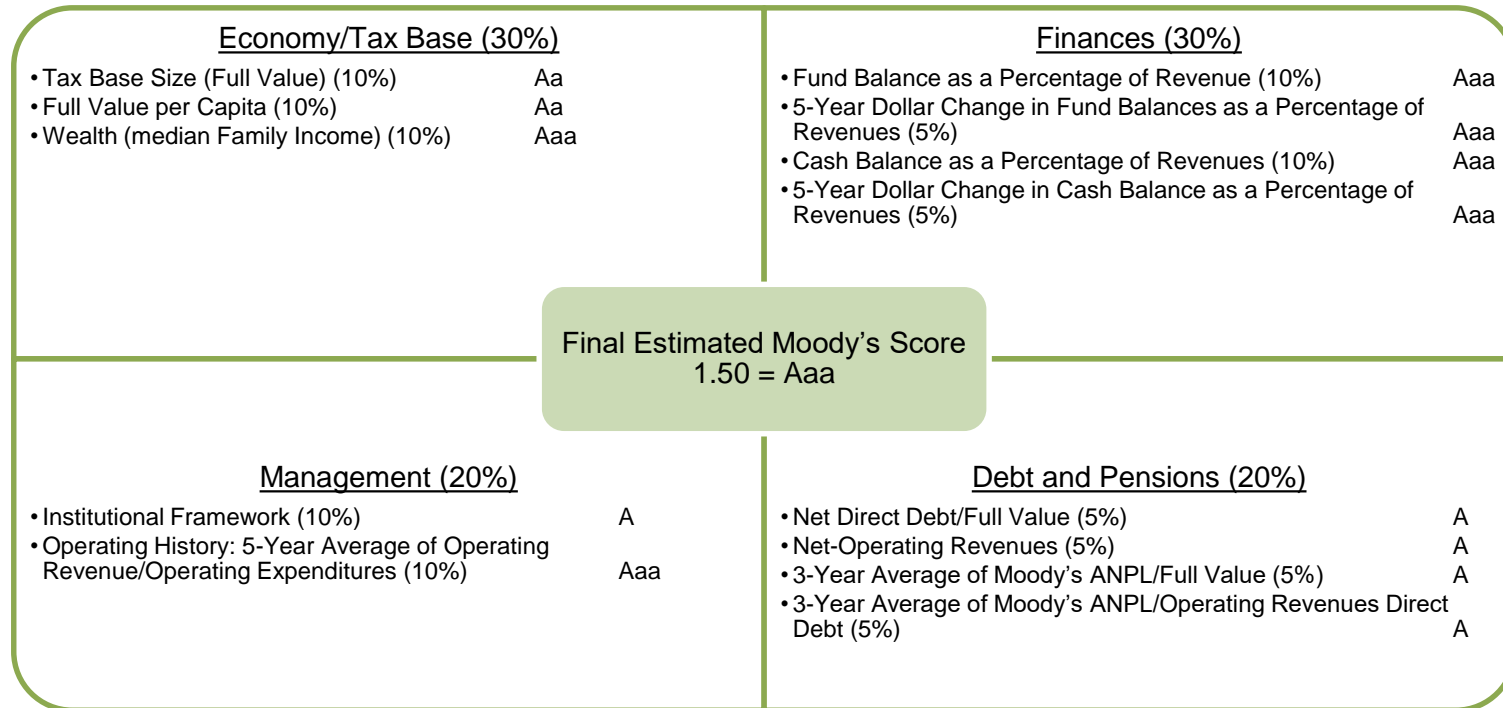
# Debt Service Analysis – Total Debt Service vs. Income Tax Revenue (reserved for debt)

Based on 2017-2021 CIP (excludes water, sewer & special assessment debt)



# Rating Analysis

City's current rating by Moody's Investor Services – Aaa (based on November 2016 transaction)





# Rating Impact of Future Debt\* — Debt and Pension Section (20%)

	2016 (November Transaction)	2017	2018	2019	2020	2021
Net Direct Debt/Full Value	A	A	A	A	A	A
Net Direct Debt/Operating Revenues*	A	A	A	A	A	A
Final Estimated Moody's Score	1.50	1.53	1.54	1.54	1.55	1.56
Rating – Based on Scorecard Alone	Aaa	Aa1	Aa1	Aa1	Aa1	Aa1

Note: Table is based on 2017-2021 CIP

\*Based on conservative estimates reflecting no growth in revenue



# Conclusion

2017-2021 CIP reflects programming to support an aggressive capital plan

- Responsive to our residents
- Emphasis on maintenance of existing infrastructure and assets
- Investment throughout the Community
- Efforts to continue strengthening the City's tax base (both income tax base and property tax base) through development and redevelopment

Debt plan proposed as part of the 2017-2021 CIP

- Is a fluid process in which the timing of projects and overall project costs change over time as more refined details are obtained
- Utilizes conservative revenue estimates
- Adheres to City's Debt Policy
- While aggressive, leaves additional capacity
- Is affordable based on revenue estimates

Future financings

- Continually analyze the use of cash on hand to finance projects versus issuing long-term debt
- Will be in compliance with restrictions imposed by State law
- Will look at all options available, including utilizing non-GO debt where appropriate to preserve GO capacity



